

# GOVERNMENTT OF ANDHRA PRADESH

## ABSTRACT

CSFs – Financial Assistance to 5 Coop. Sugar Factories – Release of an additional amount of **Rs.37,88,00,000/-** as a loan to clear the cane price dues to the cane suppliers for the cane crushed during 2010-2011- Sanction accorded – Administrative Sanction – Orders – issued.

[illegible]

## INDUSTRIES AND COMMERCE (SUGAR) DEPARTMENT

G.O.Rt.No.276

Dated:17 /05/ 2011.

Read the following:-

1. From the COS & CC, AP, Hyderabad, Lr. D2/1211/11, Dt:15-04-2011.
2. G.O.Rt.No.2035, Finance (Exp. Ind&Com) Dept., Dt.13.05.2011.

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ORDER:

The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad in the ref. 1<sup>st</sup> read above has informed that, the Managing Directors of the 5 Coop. Sugar Factories viz., 1) Kovur CSF; 2) Chittoor CSF; 3) Thandava CSF; 4) Anakapalle CSF and 5) Sri Venkateswara CSF have stated that during the current season 2010-2011, the CSFs have crushed more cane compared to previous season 2009-2010 and there is drastic fall in sugar price from Rs.3800/- to Rs.2550/- per quintal. The Managing Directors of the 5 CSFs informed that they are not in a position even to pay FRP (Fair and Remunerative Price) and hence the CSFs defaulted in payment of cane price to the cane suppliers in time and therefore requested this office to recommend their proposals to the Government for sanction of financial assistance to meet the cane price dues to the cane farmers during 2010-2011 season keeping in view the interest of the sugarcane farmers.

**Following are the request of the said 5 CSFs:**

- i) The District Collector/P.I.C. of the Kovur Coop. Sugar Factory Ltd has requested for sanction of Rs.1277.00 lakhs to meet cane price dues for 2010-2011 season, to clear the pending bills for material suppliers, PF & other dues to the employees.
- ii) The District Collector/P.I.C. of the Chittoor Coop. Sugars Ltd has requested for sanction of Rs.1584.00 lakhs to meet the balance cane price payments to the cane suppliers for 2010-2011 season.
- iii) The M.D. of the Thandava Coop. Sugars Ltd has requested for sanction of Rs.578.00 lakhs to meet the balance cane price payments to their cane growers for 2010-2011 season.
- iv) The M.D. of the Anakapalle Coop. Sugars Ltd has requested for sanction of Rs.839.75 lakhs to meet the balance cane price payments to their cane growers for 2010-2011 season, P.F. Gratuity, Salaries etc.
- v) The M.D. of Sri Venkateswara Coop. Sugars Ltd has requested for sanction of Rs.1000.00 lakhs to meet the balance cane price payments to their cane growers for 2010-2011 season, salaries and wages to the employees etc.

2. The CoS & CC has stated that the proposal of the District Collectors/Person-in-Charges and Managing Directors of the Coop. Sugar Factories are examined and basing on the proposals of the 5 CSFs submitted status report as follows:

### PERFORMANCE OF ALL SUGAR FACTORIES:

**Total existing sugar factories in the State : 40 (as on 15-04-2011)**

Sl. No.	Particulars	2009-2010 last season	2010-2011 present season
1	No. of factories worked	<b>35</b> ( 8 Cooperative; 3 Joint Venture; 24 Private )	<b>37</b> ( 8 Cooperative, 3 Joint Venture, 26 Private )
2	Cane Area (lakh hectares)	1.20	1.80
3	Cane crush (lakh MTs)	55.49	100.01
4	Sugar Production (lakh MTs)	5.06	9.64
5	Sugar Recovery (%)	9.13	9.63

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3. The CoS & CC has stated that Government of India have fixed a Fair and Remunerative Price (FRP) @ Rs.1391.20 per MT on 9.5% sugar recovery for the season 2010-11. The State Government have also ordered for passing on entire purchase tax of Rs.60/- per MT as purchase tax incentive for 2010-2011 season also, due to non-declaration of State Advised Price (SAP).

4. The CoS & CC has stated that the FRP and P.Tax Incentive are the statutory obligations on the part of the sugar factories to make cane price payments within (14) days to the cane suppliers, else, to pay interest on delayed payments @15% per annum till the payments are over. In addition to the above prices (ie., FRP + P.Tax Incentive), the CSFs also have agreed to pay some additional amount over and above the statutory payments as agreed price on par with other private sugar factories and also due to pressure from the farmers to maintain at least cane price level of the 2009-2010 crushing season. The cane price payable by the sugar factories is ranging from Rs.1700/- to Rs.2100/- per MT in the current season.

5. The CoS & CC has informed that, out of 8 (eight) Coop. Sugar Factories, 2 (two) CSFs viz., Chodavaram and Etikoppaka CSFs are in positive net worth and they can clear entire cane price for the cane crushed during 2010-2011 season. Sri Vijayarama Gajapathi CSF can able to meet the cane price dues by availing margin money from APCOB against sugar pledge drawals.

6. The remaining 5 (five) CSFs ie., 1) Anakapalli; 2) Thandava; 3) Kovur; 4) Chittoor and 5) Sri Venkateswara CSFs could not pay the cane price dues, due to poor financial position, negative net worth and insufficient drawing power from APCOB.

7. The CoS & CC has stated that entire sugar stocks of the 5 CSFs are pledged to APCOB towards working capital and during 2009-2010 season the APCOB has allowed drawals taking the average sugar price @ Rs.3200/- per quintal. But, whereas during the current season 2010-2011 the APCOB has allowed drawals taking the average sugar price @ Rs.2600/- per quintal only. Thus, there is a difference of Rs.600/- per bag of sugar, which resulted less drawing power. The APCOB is recovering their outstanding dues from drawing power of 2010-2011 seasons' pledge of sugar as per the norms of NABARD. APCOB is strictly following the NABARD guidelines in recovering the dues including the Medium Term Loans sanctioned from 2008-2009 season.

8. After taking into consideration, the margin money available in drawing power from APCOB on pledge of sugar stock the required funds position is as follows:

**(Rupees in Lakhs)**

Sl. No	Name of the CSF	Statutory dues (FRP + PT Incentive)	Addl. Price dues	Total dues	Margin money available with APCOB	Funds required for clearance of statutory dues	Funds required for clearance of total dues
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 (3+4)</b>	<b>6</b>	<b>7 ( 3-6)</b>	<b>8 (5-6)</b>
1	Anakapalli	468.96	140.75	609.71	Nil	468.96	609.71
2	Thandava	523.61	338.27	861.88	488.36	35.25	373.52
3	Kovur	581.67	200.96	782.63	Nil	581.67	782.63
4	Chittoor	1352.19	231.83	1584.02	0.39	1351.80	1583.63
5	Venkateswara	805.75	82.62	888.37	450.00	355.75	438.37
	<b>TOTAL</b>	<b>3732.18</b>	<b>994.43</b>	<b>4726.61</b>	<b>938.75</b>	<b>2793.43</b>	<b>3787.86</b>

9. The CoS & CC has informed that total amount of **Rs.3787.86 lakhs** (ie., FRP + P.Tax Incentive + Addl. Agreed Price) is required to clear the entire cane price dues including statutory price and agreed price.

10. Further, the CoS & CC has stated that, in view of the A.P. Sugarcane (RS & P) Act, 1961, there is a statutory obligation on the part of the Cooperatives to make cane payments within 14 days of the supply of cane, failing which they have to pay interest on delayed payments @ 15% per annum till the payments are over.

11. Government after careful examination of the entire issue, hereby accord sanction for an amount of **Rs.37,88,00,000/-** (Rupees Thirty Seven Crores and Eighty Eight Lakhs only) as loan to clear the cane price dues to the cane suppliers for the cane crushed during 2010-2011 in relaxation of Treasury Control Orders by obtaining supplementary grants during the year 2011-12.

12. The expenditure shall be debited to the Head of Accounts, as indicated below:

“6860 – Loans for consumer Industries

04 – Sugar

101 – Loans to Coop Sugar Mills

GH.10-C.S.S.

SH (01)- Loans for modernization of Co-op. Sugar Mills

002- Loans for Fair and Remunerative Price to Cane Farmers of Cooperative Sugar mills” (to be opened)

13. The Commissioner of Sugar and Cane Commissioner shall take necessary action to draw and disburse the amount.

14. This order issues with the concurrence of Finance (Expr.I&C) Department, vide their U.O.No.11030/155/Exp.I&C/10, Dt.16/05/2011 and as per Budget Release Order issued in the reference 2<sup>nd</sup> read above.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)**

B. SAM BOB,  
PRINCIPAL SECRETARY TO GOVERNMENT &  
COMMISSIONER FOR INDUSTRIAL PROMOTION.

To

The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad.

Copy to:

The Managing Director, Chittoor Co-op. Sugar Factory, Chittoor District.

The Managing Director, Kovur Co-op. Sugar Factory, Nellore District.

The Managing Director, Thandava Co-op. Sugar Factory, Visakhapatnam District.

The Managing Director, Anakapalle Co-op. Sugar Factory, Visakhapatnam District.

The Managing Director, Sri Venkateswara Co-op. Sugar Factory, Tirupati,  
Chittoor District.

The Public Enterprises Department.

The Finance (Exp. I&C) Department.

The Finance (B.G.) Department.

The Accountant General, A.P. Hyderabad.

The Director of Treasuries & Accounts, Hyderabad.

The Pay & Accounts Officer, Hyderabad.

Sc/Sf.

//Forwarded By: Order//

Section Officer